INTERVIEW SUMMARY

Applicants would like to thank Examiner Reagan for the courtesies he has extended them in conducting a telephonic interview on September 14, 2006 with Applicants' undersigned attorney, Aaron S. Haleva. In the interview Applicants explained their invention and their view that the presently pending claims are neither taught nor suggested by the prior art, inasmuch as the pending claims are directed to an insolvency proceeding, and none of the prior art references teaches their unique elements. Examiner Reagan acknowledged that the arguments presented by Applicants sounded persuasive.

REMARKS

This Response, in connection with the following remarks, is submitted as fully responsive to the Final Office Action. Claims 1 and 16 are the independent claims.

Claims 1, and 4-15 stand rejected under 35 U.S.C. § 103(a) as being unpatentable over U.S. Patent No. 5,704,045 to King ("*King*") in view of U.S. Patent No. 6,330,547 to Martin ("*Martin*"). Additionally, claims 2-3 stand rejected under 35 U.S.C. § 103(a) as being unpatentable over *King* in view of *Martin*, and further in view of U.S. Patent No. 6,138,102 to Hinckley ("*Hinckley*"). Finally, claim 16 stands rejected under 35 U.S.C. § 103(a) as being unpatentable over U.S. Patent No. 6,119,106 to Mersky ("*Mersky*") in view of *Martin*, claims 17-19 stand rejected under 35 U.S.C. § 103(a) as being unpatentable over *Mersky* in view of *Martin* and further in view of *King*, and claim 20 stands rejected under 35 U.S.C. § 103(a) as being unpatentable over *Mersky* in view of *Martin* and further in view of *Hinckley*.

Applicants submit that the various rejections under 35 U.S.C. § 103(a) are improper for two reasons. First, there is no motivation to combine any of these references with each other. Second, even if there were, no such combination teaches each element of independent claims 1 or 16.

A. Motivation to Combine References

The lack of motivation to combine will first be addressed. Applicants hereby incorporate by reference herein the arguments they have presented on this issue from the Amendment and Response to Office Action which they filed on January 9, 2006.

Applicants further submit that as elucidated in *In re Kahn,* 78 USPQ2d 1329 (Fed Cir.2006), the "motivation-suggestion-teaching" test asks not merely what references disclose, but whether one skilled in the art as motivated by the ***general problem facing the inventor*** would have been led to make the claimed combination.

As explained in the telephonic interview, the general problem facing the inventors here was how to reduce the wait for a creditor's final distribution in an insolvency proceeding. As further explained in the interview, an insolvency proceeding is a creature of specific statutes, with specific regulations governing the administration of insolvent estates. Thus, techniques and practices from insurance or lending contexts are generally inapplicable to the context of insolvency proceedings. Thus, the cited prior art, none of which relates to insolvency proceedings, and none of which is even remotely related to the general problem facing the inventors herein, is urged as non-analogous art.

King is directed to a risk transfer system involving multiple classes of investors. It is concerned with setting up two subsystems, namely reserved assets and general assets. *King* actually contemplates and advocates changing the laws to which insurance companies are subject for its system to operate.

Martin is directed to enhancing the creditworthiness of intellectual property by providing a lender a quantified realization price on repossessed collateral. This involves a lender contracting in advance with a third party to purchase the intellectual property loan collateral at a defined price should there be a default by the borrower. *Martin* discloses a complicated formula for calculating that price. Martin is concerned with obtaining at the outset of a loan against intellectual property a minimum "foreclosure sale price" for the proposed lender. Because most lenders do not know how to market a portfolio of patents upon a loan default and foreclosure of the portfolio, the system of Martin seeks a method to assuage their fears of the unknown by procuring an ultimate purchaser of the intellectual property collateral at the outset of the loan.

Neither *King* nor *Martin* have anything to do with insolvency proceedings or expediting the time a creditor has to wait for payment in such an insolvency proceeding by using a responsible party to go and settle claims with all creditors of the insolvent estate well in advance of final distribution. Nobody, it is respectfully submitted, in trying to solve the problem facing the present inventors – how to expedite the standard lengthy and drawn out time a creditor has to wait for final payment in an insolvency proceeding -- would be reasonably motivated to use in any way the cumbersome price calculations of *Martin* with the equally cumbersome risk transference scheme of *King*. They simply do not relate to insolvency proceedings.

Mersky is directed to a system to facilitate customer payments to creditors from a remote site. *Mersky,* dealing with **consumers** paying their monthly bills, is submitted as wholly unrelated to *Martin,* as well as to the general problem facing the present inventors.

Finally, *Hinckley* is directed to a cash flow management system, and has little to do with either of *King*, *Martin* or *Mersky* on the one hand, or with early payments to creditors in an insolvency proceeding on the other.

Thus, following the law as articulated by the Federal Circuit, the various combinations used as bases for the 103(a) rejections of independent claims 1 and 16 cannot be maintained.

B. References as Combined Do Not Teach Claimed Invention

Moreover, even if the combinations proposed in the Office Action were proper, which Applicants assert they are not, no such combination teaches each of the elements of independent claims 1 or 16.

Claims 1 and 16 solve the recurrent problem of insolvency proceedings. As explained in the Specification and in the telephonic interview, in a standard insolvency proceeding, such as, for example, a corporate bankruptcy, a debtor often administers its own insolvent estate. Debtors are generally not adept at gauging the total amount of creditor's claims that will emerge, or what it would take to settle them in full. Because the debtor is the party that incurred the original debts underlying the creditors' claims, it often lacks the required objectivity necessary to efficiently discount these claims through

negotiation with the creditors. Additionally, due to lack of experience in handling insolvent estates, debtors proceed very cautiously, and creditors have to wait until more information is known by a debtor to receive all of their monies in a final distribution. *Specification* at 2-3. Thus, such creditors do not receive their full pro rata share until a final distribution occurs, often long after the inception of the insolvency proceedings. *Id.* at 4. The method of claim 1 facilitates a creditor trading certainty and quick payment of his claim for a defined amount now, generally at a discount form the full claim – the claimed "predetermined payment amount." A responsible party offers to pay at least one creditor having a claim against the debtor a predetermined payment amount in satisfaction of the entire claim against the debtor. If the creditor accepts the offer, the responsible party pays the predetermined payment amount to the creditor. Moreover, the offer includes paying said creditor well in advance of final distribution in the insolvency proceeding. Claim 16 recites an analogous system. Neither claim is taught by the cited prior art, whether alone or in combination.

As discussed above, none of the cited references of either *King*, *Martin*, *Mersky* or *Hinckley* have anything at all to do with insolvency proceedings, and thus cannot teach, alone or in combination, a method and system for expediting the payment of creditors' claims in an insolvency proceeding by procuring a responsible party to negotiate early discounted payments to creditors in such insolvency proceedings.

Nothing in *King* is seen as describing an advance payment in full satisfaction of a creditor's claim in an insolvency proceeding prior to final distribution. Similarly, *Martin* is alleged in the Office Action as teaching offering, by a responsible party, to pay a creditor having a claim against the debtor a predetermined amount in satisfaction of the

entire claim against the debtor. Final Office Action at 6. *Martin* does not speak to the context of debtors and creditors ***in an insolvency proceeding***, rather to borrowers and lenders substantially before any insolvency.

The two claim elements of independent Claim 1 that were asserted as taught by *Martin*, namely (i) the offering by the responsible party to pay a creditor having a claim against the debtor and (ii) the responsible party paying the predetermined payment amount in advance of the final distribution, are not at all taught by *Martin*. As noted above, *Martin* is directed to a method and apparatus for deciding whether to make a loan using an intangible asset and for making such a loan more attractive to a lender. Essentially, the method of *Martin* persuades a proposed lender to make a loan against intabgible assets, such as intellectual property, by finding a third party to agree, in event of default, to purchase the intangible asset at a defined price. This gives a potential lender a worse case realization scenario and absolves him of the due diligence required to effectively appraise the asset being proposed as collateral for the loan. In the event of default of the loan, the Lender, at the very worst, can simply sell the asset to the surety party and collect the agreed upon price. In *Martin* nobody is making any payments to anyone. A third party surety is simply agreeing to make a certain payment as a purchase price for the collateral in the event that the debtor (generally the patentee or assignee of the patentee) defaults on the proposed loan. This certainly does not teach the fourth element of independent claim 1 "if the creditor accepts the offer, paying the predetermined payment amount to the creditor, wherein said offering to pay by the responsible party includes paying said creditor in advance of final distribution in the insolvency proceeding." It is noted that the Final Office Action omits this critical

wherein clause in asserting that *Martin* teaches this element. Final Office Action at 6.

The payment is *Martin* made after the lender has foreclosed the loan and repossessed the intellectual property, but not during an insolvency proceeding where the lender, due to the statutory and regulatory requirements governing the administration of an insolvent estate, such as, for example, the Federal Bakruptcy Code, the Bankruptcy Regulations and the various General and Local Rules of the Federal Bakruptcy Courts, would otherwise have to wait for a full pro rata share payment under a final distribution at some indeterminate time in the future.

Moreover, the system of *Martin* is effected by a private contract between two defined parties – a debtor and a specific lender. The present invention operates in the context of actual insolvency proceedings, where statute, regulation and court rule govern the handling of all of the insolvent's debts, by a class of creditors that is not fully known at the outset of the insolvency proceedings. In fact, a transaction such as described in *Martin* is secured – the intellectual property is the collateral for the loan. A secured creditor's claim is generally settled at the outset of an insolvency case precisely because he has a paramount right over the collateral vis-à-vis the remaining creditors of the insolvent, and such collateral does not become part of the assets of the insolvent which are paid pro rata to the class of general creditors. Thus, the creditor contemplated by *Martin* is not a "similarly situated" creditor to the class of creditors addressed by the present invention at all. *Martin* is thus irrelevant to the present invention, and does not teach or suggest all of the elements of claims 1 or 16.

Nothing is seen by Applicants in either *Mersky* or *Hinckley* that would serve to remedy the deficiencies of a combination of *King* and *Martin* as references against independent claims 1 or 16, as amended.

While *Mersky* uses the term "creditors," creditors in an insolvency context is not meant, rather creditors **to whom one owes their monthly bills**. *Mersky* is unconcerned with early payments to a creditor in an insolvency proceeding to avoid said creditor having to wait for an official payment plan to be determined. *Mersky* is concerned with obviating the need for using checks to pay monthly bills for people who cannot engage in online banking. *Mersky* is directed to a general system facilitating the payment of creditors. Similarly, *Hinckley* is directed to cash flow insurance policies. At best a debtor might have been interested in the system of *Hinckley* ***prior to*** being forced to enter into an insolvency proceeding, but certainly not afterwards.

Thus, even if any of the various combinations of references asserted against claims 1 or 16 were properly motivated, which they are not, no combination of them would teach all of the elements of independent claims 1 and 16 as amended. Therefore these combinations and the various obviousness rejections based upon them are respectfully urged as improper and are respectfully requested to be withdrawn.

The remaining claims in this application, depending upon either claim 1 or 16, are urged as patentable for similar reasons.

If any questions remain as to the patentability of the pending claims, Applicants respectfully request the opportunity to have an interview with the Examiner, review

same, and present their point of view. The Examiner is thus invited to notify Applicants' undersigned attorney if such questions remain so that an interview can be scheduled.

No additional fees are believed due herewith. If any additional fees are due, the Commissioner is hereby authorized to charge any fee deemed necessary for the entry of this Amendment to Deposit Account No. 50-0540.

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Respectfully submitted,

By: ______________________

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